

2014 Iowa Air Service Retention and Expansion Committee Plan Summary

Air Service Overview

- 1) Quality air service is crucial to business attraction, global connectivity, economic development, jobs, and quality of life. Iowa generates 2.5 million passenger boardings each year primarily served by one of eight commercial service airports in Iowa or by nearby airports in bordering states. Approximately 40 percent of the passengers using commercial airports in Iowa are visitors, and more than half of all passengers are traveling for business.
- 2) Airports in Des Moines and Cedar Rapids are growing and are served by multiple carriers. Combined, the airports handle over 95% of passenger enplanements in Iowa.
- 3) Five commercial airports in Iowa offer service by single carriers that are supported by the U.S. DOT's Essential Air Service (EAS) program at an annual subsidy rate of \$10.9M. Tightening eligibility requirements for the EAS program could threaten service at those airports, which include Sioux City, Waterloo, Mason City, Fort Dodge, and Burlington.
- 4) Dubuque is the only single-carrier airport in Iowa operating without EAS subsidy. Changes mandated in the 2012 FAA Modernization Act make the airport ineligible to participate in the EAS program if the current service was discontinued by the carrier.



Plan Recommendations

- 1) Continue supporting growth at Iowa's multi-carrier commercial service airports in Des Moines and Cedar Rapids.
- 2) Advocate for continuation of the U.S. DOT's Essential Air Service program, with less restrictive eligibility requirements.
- 3) Market to sustain and enhance air service.
- 4) Develop locally-driven strategic and contingency planning.

Key Action Steps

- 1) **Local:** Identify air service champions and strategic partnerships. Develop strategic and contingency planning.
- 2) **State:** Arrange meetings with air service communities and Iowa's federal delegation to discuss federal programs and their impact on commercial air service in Iowa. Consider legislative increases in state funding of commercial airport vertical infrastructure from \$1.5M to \$2.0M annually. Stop diversion of use tax on aircraft sales from the State Aviation Fund to the General Fund (average \$3M annually).
- 3) **Federal:** Continue adequate funding of the EAS program and modify eligibility requirements to retain air service in rural regions. Reauthorize a long-term Airport Improvement Program with minimal revenue diversion from the Airport and Airway Trust Fund. Close airline ancillary fee tax loophole.

The 2014 Iowa Legislature passed the Iowa DOT Omnibus bill, Senate File 2355, forming the Iowa Air Service Retention and Expansion Committee to develop a plan for the retention and expansion of passenger air service in Iowa. The committee was chaired by the Iowa Department of Transportation and consisted of managers of each commercial air service airport, as well as two members of the Senate and two members of the House of Representatives. Thank you to all Commercial Air Service Retention and Expansion Committee members for their time and participation in development of the plan.

Members

Iowa Department of Transportation

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